

**COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

**PINEHILLS WATER COMPANY, INC.  
D.T.E. 01-42**

**First Set Of Information Requests By The Department**

Witness Responsible: Deborah Sedares

DTE 1-1      Please provide a copy of the Company's articles of incorporation.

**Response:**    **See Attachment DTE 1-1.**

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DTE 1-2      Please provide a corporate organizational chart depicting all of the Company's affiliates and parent entities, as well as the corporate purpose of each affiliate. In preparing this response, please apply the definition of affiliated companies used in G.L. c. 164, § 85.

**Response:**      **See Attachment DTE 1-2(A) and (B).**

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DTE 1-3      Please provide the names of the directors and officers of Pinehills Water Company, LLC and each of its affiliates. In preparing this response, please apply the definition of affiliated companies used in G.L. c. 164, § 85.

**Response:      The Directors of Pinehills Water Company, Inc. are :**

**Stephen R. Karp  
Anthony D. Green**

**The Officers of Pinehills Water Company, Inc. are:**

**Stephen R. Karp, President  
Anthony D. Green, Vice President  
Steven S. Fischman, Treasurer  
John J. Judge, Clerk**

**The Managers of Pinehills LLC are Green Plymouth LLC and NED Plymouth LLC.**

**The Managers of NED Plymouth LLC are Stephen R, Karp and Steven S. Fischman**

**The Manager of Pine Springs Water LLC is Pinehills LLC.**

**The Manager of PS Water Services LLC is Pinehills LLC.**

**All affiliates are LLCs without officers or directors.**

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DTE 1-6      Please state whether new home buyers within the Pinehills water district are presented with a copy of the Company's rules and regulations prior to the "Purchase and Sales Agreement."

**Response:**    **Prior to execution of a purchase and sale agreement, prospective homeowners are provided a brochure describing the operation of The Pinehills Water Company pumping station and distribution system. In addition, the sales assistant or director informs the prospective homeowner that proposed rates have been filed with the Department of Telecommunications and Energy; that the Company's complete proposed rate filing, including the Rules and Regulations are available for review and copying at the administrative offices of The Pinehills; and that until such time as a rate (or interim rate) has been approved by the Department, no charge will be assessed by the Pinehills Water Company for water service.**

**(See also Attachment DTE 1-20(A).)**

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DTE 1-7      Refer to the Company's proposed M.D.T.E. No. 1, Sheet No. 3, regarding "attached homes." Please describe the circumstances under which an "attached home" may not be separately metered.

**Response:**      **Generally, it is intended that all individual residences and separately owned commercial premises be separately metered whether or not they are an attached home or building construction. Such "attached homes" are single family, limited occupancy community units under the applicable zoning for The Pinehills that have a separate deed for each home and a separate lot for each attached unit.**

**The provision referencing potential separate metering for attached homes was intended to allow flexibility so that attached homes could have common metering in certain cases such as condominiums. No plans for shared metering currently exist.**

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Witness Responsible: Deborah Sedares

DTE 1-9      Refer to the Company's proposed M.D.T.E. No. 1, Sheet No. 12, Section 26, regarding frozen meters. Under present conditions, what is the actual cost per meter that would be charged to customers?

**Response:**      **As indicated in the Company's filing, actual operations, including service to customers is just beginning. Service during winter conditions has not yet resulted in callouts for frozen meters and the Company has no actual data for these charges. Based on recent experience for other Massachusetts water companies, actual costs have varied from approximately \$50 to \$180 per daytime callout.**

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Witness Responsible: Deborah Sedares

DTE 1-12      Refer to Page 7, lines 19-22 of Ms. Sedares' prefiled testimony. Please explain why the Pinehills Land Owners Association will be responsible for individual and shared on-site septic systems as opposed to relying on the pre-existing facilities of the Pinehills Private Sewer Treatment Facility.

**Response:**      Under the terms of the Groundwater Discharge Permit No. 0680 issued by the Department of Environmental Protection to Pinehills LLC, Pinehills is permitted to construct a Private Sewer Treatment Facility (PSTF) and collection system for The Pinehills. The permit requires that each landowner within The Pinehills who is served by the Facility own or be a member of the PSTF and that the obligation for payment of fees related to operation of the PSTF rests with the Pinehills Landowners Association with specific assessments for these services then being made by the Landowners Association to the individual property owners who are serviced by the PSTF. The Landowners Association may place a lien on a landowner's property if they do not pay the assessment. In addition, the permit allows, with respect to residential property only, on site or shared on site septic systems to be constructed. To serve the full build out of the Pinehills, due to topography or other similar considerations, it may not be financially or geographically feasible to have all of the residential properties tied into the central sewer system and be serviced by the PSTF. The permit provides however, that in the event that an on site system (which is subject to review, inspection and approval by the DEP) is constructed, the Landowners Association has the obligation to maintain the on site system and to assess the individual landowner who is serviced by the on site system the cost of maintenance and inspection similar to the process required for properties serviced by the PSTF. Please note that under the permit, all of the commercial property (1.3 million SF) must be serviced by the PSTF.

A master plan showing the intended build out of the sewer collection system is attached hereto as Attachment DTE 1-12.

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Witness Responsible: Deborah Sedares

DTE 1-13      Refer to Page 8, line 5 of Ms. Sedares' prefiled testimony. Please provide a map of the Pinehills Private Sewer Treatment Facility.

**Response:**      **See Attachment DTE 1-13.**



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Witness Responsible: Deborah Sedares

DTE 1-14      Refer to Page 9, lines 7-8 of Ms. Sedares' prefiled testimony. Please explain what is meant by the phrase "in proportion to their voting rights."

**Response:**      The referenced phrase is intended to convey the concept common to condominium and other forms of common ownership of assets, such as the area and facilities at The Pinehills shared by all owners, that each owner bears a portion of the costs associated with the common area and facilities equivalent to the share of the total project assets that person owns. As a planned private mixed-use community, there are certain recorded Covenants, Conditions and Restrictions (CCRs) that govern ownership of land within The Pinehills. One of those conditions is that all landowners within The Pinehills are members of the Pinehills Landowners Association and are responsible for contributing towards common expenses including the cost of maintenance of roads, walking trails, community amenities (such as a swimming pool or tennis courts) and the like. Maintenance would include landscaping, snow removal, cleaning, repair or replacement. The CCRs provide a method for apportioning costs and providing voting rights to member of the Landowners Association. Both the voting rights and the share of common expenses is in proportion to the extent of one's ownership interest. For a homeowner, there is one vote and one share of the common expenses per home owned. For a commercial/retail property, there is one vote and one share of the common expenses for each 1000 SF of space owned. For an owner of recreational or agricultural land, there is one vote and one share for each 10 acres of land owned. For example, the current monthly fee for common expenses for the Pinehills Landowners Association is \$25.00. A person (or couple) who owns a single home within The Pinehills pays \$25.00 per month and has one vote on Association matters that require the vote of the members. A commercial property owner who owns 10,000 SF would pay a monthly assessment of \$250.00 and have 10 votes. A recreation owner (e.g., horse stables) owning 5 acres of land would pay a monthly assessment of \$125.00 and have 5 votes. This information is set forth in the governing documents for The Pinehills, copies of which are provided to a prospective buyer prior to signing the purchase and sale agreement.

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Witness Responsible: Deborah Sedares

DTE 1-15      Refer to Page 10, lines 5-7 of Ms. Sedares' prefiled testimony. Please provide a copy of any capital contribution agreement entered into between the Company and the associated real estate developers. If a written capital contribution agreement does not exist, please provide a narrative description of the terms of the agreement between the Company and real estate developers.

**Response:**      **There is no capital contribution agreement. For those builders who are purchasing a certain number of "permits" from The Pinehills (i.e., a parcel of raw land with a permit to build, as opposed to a "completed" or "finished" lot in which utility infrastructure has been constructed) to build homes within a particular parcel, including laying out the lots and constructing all related infrastructure (roads, sewer, water, drainage, other utilities and amenities) to serve that neighborhood, a condition of the purchase and sale agreement entered into by Pinehills, LLC and the builder will provide for the builder to construct the secondary water mains in accordance with specifications provided by the Water Company and subject to Water Company inspection and approval. After construction, the builder is obligated by the terms of the purchase and sale agreement to transfer title to the secondary mains to the Water Company as a contribution in aid of construction. For those builders who are buying completed lots, Pinehills, LLC will layout the lots and construct the infrastructure and then contribute the secondary mains to the Water Company.**

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Witness Responsible: Deborah Sedares

DTE 1-16      Refer to Page 10, lines 13-17 of Ms. Sedares' prefiled testimony. Please indicate whether the Company intends to hold the title to any other water distribution assets aside from the \$12,000,000 in secondary distribution mains to be contributed by real estate developers.

**Response:**      **At this time, the Company does not intend to hold title to any other water distribution assets, other than contributed secondary mains. It will continue to review this decision over time as more assets are added to the system.**

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DTE 1-17      Refer to Page 10, lines 19-22 of Ms. Sedares' prefiled testimony. Please provide a full description as to how the ownership structure proposed by the Company would serve to reduce rates to customers.

**Response:**      **This structure helps the Company spread out and collect over time, the costs of developing a new water supply and distribution system for the equivalent of a reasonably sized town. The affiliated lessor is able to finance the system in part because of the contract arrangement with the Company to assure cash flow and in part because it can take advantage of various tax benefits for a number of years. The Company in turn is able to take advantage of certain tax advantages relative to contributed property that it owns. The combination of availability of such tax benefits and of reasonably priced financing directly reduces the Company's cost of service and thereby allows for lower rates to customers. In particular, the structure helps avoid early customers subsidizing later customers.**

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DTE 1-18      Refer to Page 11, lines 5-9 of Ms. Sedares' prefiled testimony. Please provide a copy of the lease agreement entered into between the Company and Pine Springs Realty LLC. If no written contract exists, please provide a full description of the property to be leased from Pine Springs Realty, LLC and the lease terms including the lease expense.

**Response:**      **The Lease has not been executed, but what is expected to be a final form is attached as Attachment DTE 1-18.**

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DTE 1-19      Refer to Page 12, lines 2-19 of Ms. Sedares' prefiled testimony. Please describe the education and background of each employee of the Company or any of its affiliates who will be involved in the operations of the Company. As part of this response, please include the resumes of all management and technical employees.

**Response:**    **The Company currently has no employees. The two people who will provide most "in house" functions for the Company are Mr. John Judge and Ms. Deborah Sedares. See Attachment DTE 1-19(a) for Mr. Judge's bio. The requested information for Ms. Sedares is provided in her prefiled testimony.**

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Witness Responsible: Deborah Sedares

DTE 1-21      Refer to Page 14, lines 3-4 of Ms. Sedares' prefiled testimony. Please identify any third party with whom the Company has either executed a service agreement or has been in negotiations with concerning a service agreement, in addition to Sarian Corporation. To the extent that the Company has executed any service agreements with third parties, please provide a copy of the agreement, including the terms and price of services to be provided.

**Response:**      **Pinehills LLC, through New England Development one of the members of the Pinehills LLC, has executed an agreement with Horsley & Witten, Inc., Environmental Services, to provide consulting engineering services to the Company for services related to the operation of the water system at The Pinehills. Tom Lee, Project Engineer at Horsley & Witten is the firms primary consultant on the water system. Fifteen (15) copies of Mr. Lee's resume are attached as Attachment DTE 1-21(A).**

**The Company is in negotiations with USI Utility Services to provide for the installation, maintenance, repair, replacements, reading and testing of meters for the Pinehills Water Company. The agreement has not been executed as of the date of this response.**

**Sarian has been providing the services of a Certified Water Operator for the Company since October 2000. Their contract was up for renewal on June 30, 2001 and was renewed. Attached as Attachment DTE 1-21(B) is the new contract, executed by the Company. The fully executed agreement should be returned to the Company by Sarian shortly. There was no interruption in service and the contract governs Sarian's services from July 1, 2001.**

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DTE 1-22      Refer to the letter dated September 27, 2000 from Horsley and Witten, Inc. to the Department of Environmental Protection ("DEP"), provided in Tab D of the Company's initial filing. Please provide a copy, either in draft or final form, of the business plan required of the Company by the DEP.

**Response:**      **A draft form of the referenced business plan is attached as see Attachment DTE 1-22.**



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DTE 1-23      Refer to the letter dated August 20, 1999 from the Department of Environmental Protection to Willa Kuh, provided in Tab D of the Company's initial filing. Please provide, for each condition listed on the third through fifth pages of the letter, the present status of the Company's compliance with the specified conditions.

**Response:**      **Correspondence received from the Department of Environmental Protection dated October 30, 2000, referencing prior submissions by Pinehills to the DEP states that " . . . Pinehills has met the conditions of the Department's letters related to the Water Management Act Withdrawal Permit, dated June 16, 1999, and approval to construct the pumping works facility dated August 20, 1999." Kindly refer to the correspondence located at Tab B and C of the Company's Initial Filing.**